
RESOLUTION

OF

CITY OF BURLINGAME, KANSAS

PASSED

JULY 3, 2006

\$920,950
GENERAL OBLIGATION BONDS
SERIES 2006A (WATER) AND SERIES 2006B (WATER)

RESOLUTION

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RESOLUTION NO. 296

A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF THE GENERAL OBLIGATION BONDS, SERIES 2006A (WATER) AND 2006B (WATER) OF THE CITY OF BURLINGAME, KANSAS, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$920,950 THE ISSUANCE OF WHICH WAS AUTHORIZED BY THE CITY PURSUANT TO ITS ORDINANCE NO. 2088 PASSED AND APPROVED JULY 3, 2006; AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS.

WHEREAS, the Governing Body of the City of Burlingame, Kansas, (the "City") has authorized the construction of certain water supply system improvements (the "Improvements") to be made in the City under the authority of K.S.A. 65-163u, as amended; and

WHEREAS, the City has by its Ordinance No. 2088 passed and approved July 3, 2006, (the "Ordinance") authorized the issuance of its general obligation bonds in the aggregate principal amount of \$920,950 consisting of (i) its General Obligation Bonds, Series 2006A (Water) in the aggregate principal amount of \$543,350 (the "Series 2006A Bonds") and (ii) its General Obligation Bonds, Series 2006B (Water) in the aggregate principal amount of \$377,600 (the "Series 2006B Bonds") under the authority of K.S.A. 65-163u, as amended, (the Series 2006A Bonds and the Series 2006B Bonds are collectively referred to as the "Bonds"); and

WHEREAS, the Bonds have been sold on a negotiated basis to the United States of America (the "Purchaser") and, as such, pursuant to K.S.A. 10-106, as amended, the City is not obligated to sell the Bonds at public sale; and

WHEREAS, in accordance with the terms and conditions of the Ordinance, the City hereby intends to both prescribe the form and details of the Bonds and authorize certain other documents and actions in connection with the issuance of the Bonds.

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms identified elsewhere herein, the following words and terms as used in this Resolution shall have the following meanings:

"Bond and Interest Fund" means the Bond and Interest Fund of the City for its general obligation bonds.

"Bond Counsel" means the firm of Nichols and Wolfe Chartered, or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing as selected by the City.

"Bond Payment Date" means any date on which principal of or interest on any Bond is payable.

"Bond Register" means the books for the registration, transfer and exchange of Bonds kept at the office of the Bond Registrar.

"Bond Registrar" means the Treasurer of the State of Kansas, Topeka, Kansas, and its successors and assigns.

"Bonds" means the General Obligation Bonds, Series 2006A (Water) and Series 2006B (Water), authorized and issued by the City pursuant to the Ordinance.

"Business Day" means a day other than a Saturday, Sunday or holiday on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

"City" means the City of Burlingame, Kansas, the issuer of the Bonds.

"Clerk" means the duly appointed and/or elected Clerk of the City or, in the Clerk's absence, the duly appointed Deputy Clerk or Acting Clerk of the City.

"Code" means the Internal Revenue Code of 1986, as amended.

"Costs of Issuance" means all costs of issuing the Bonds, including all publication, printing, signing and mailing expenses in connection therewith, registration fees, financial advisory fees, all legal fees and expenses of Bond Counsel and other legal counsel.

"Dated Date" means July 26, 2006.

"Defaulted Interest" means interest on any Bond which is payable but not paid on any Interest Payment Date.

"Defeasance Obligations" means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the City of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust; and

(5) such cash and United States Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent.

"Event of Default" means each of the following occurrences or events:

(a) Payment of the principal or the Redemption Price of any of the Bonds shall not be made when the same shall become due and payable, either at Stated Maturity or by proceedings for redemption or otherwise; or

(b) Payment of any installment of interest on any of the Bonds shall not be made when the same shall become due; or

(c) The City shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the City to be performed (other than relating to Rule 15c2-12 as defined in the Disclosure Certificate), and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Owner of any of the Bonds then Outstanding.

"Fiscal Year" means the twelve month period ending on December 31.

"Funds and Accounts" means funds and accounts created or referred to in **Section 501** hereof.

"Government" means the United States of America.

"Improvements" mean certain water supply system improvements constructed in the City in accordance with the legal authority as described in the recitals to this Resolution.

"Interest Payment Date(s)" means the Stated Maturity of an installment of interest on any Bond which shall be July 26 each year, commencing July 26, 2007.

"Maturity" when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for redemption or otherwise.

"Mayor" means the duly appointed and/or elected Mayor of the City or, in the Mayor's absence, the duly appointed Deputy Mayor or Acting Mayor of the City.

"No Arbitrage and Use of Proceeds Certificate" means the certificate so named and included in the transcript of proceedings pertaining to the issuance of the Bonds describing the investment and use of the proceeds of the Bonds.

"Ordinance" means Ordinance No. 2088 passed and approved July 3, 2006, and published as required by law, pursuant to which the issuance of the Bonds has been authorized.

"Outstanding" means, when used with reference to the Bonds, as of a particular date of determination, all Bonds theretofore authenticated and delivered, except the following Bonds:

(a) Bonds theretofore canceled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) Bonds deemed to be paid in accordance with the provisions of **Section 701** hereof; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

"Outstanding Principal Amount" means, as of a particular date, that portion of the principal amount of the Bond which has not yet matured and become due and payable, and which has not, in fact, been paid or provision made for such payment.

"Owner" when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

"Paying Agent" means the State Treasurer, and any successors and assigns.

"Permitted Investments" means: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the City's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks located in the county or counties in which the City is located; (f) obligations of the federal national mortgage association, federal home loan banks or the federal home loan mortgage corporation; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements with or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's, Inc. or Standard & Poor's; (i) investments in shares or units of a money market fund or trust the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the States as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f). No Permitted Investment shall include any derivative investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

"Person" means any natural person, corporation, partnership, joint venture, association, firm, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

"Principal and Interest Account" means the Principal and Interest Account for the City of Burlingame, Kansas, General Obligation Bonds, Series 2006A (Water) and Series 2006B (Water), created herein within the City's Bond and Interest Fund.

"Project Account" means the Project Account in the treasury of the City, created herein.

"Purchase Price" means the par value of the Bonds.

"Purchaser" means the United States of America, the original purchaser of the Bonds.

"Record Dates" for the interest payable on any Interest Payment Date means the fifteenth day (whether or not a Business Day) of each month preceding such Interest Payment Date.

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for the redemption of such Bond pursuant to the terms of this Resolution.

"Redemption Price" when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of this Resolution, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

"Replacement Bonds" means Bonds issued to the beneficial owners of the Bonds in accordance with **Section 207** hereof.

"Resolution" means this resolution relating to the Bonds.

"Special Record Date" means the date fixed by the Paying Agent pursuant to **Section 204** hereof for the payment of Defaulted Interest.

"State" means the State of Kansas.

"State Treasurer" means the duly elected Treasurer or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the State of Kansas.

"Stated Maturity" when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Resolution as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

"System" means water supply system, including all extensions, improvements and enlargements thereto, of the City.

"Treasurer" means the duly appointed and/or elected Treasurer of the City or, in the Treasurer's absence, the duly appointed Deputy Treasurer or acting Treasurer of the City.

"United States Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills or other securities consisting of direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in the future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation).

ARTICLE II

AUTHORIZATION AND DETAILS OF THE BONDS

Section 201. Authorization of the Bonds. There shall be issued and hereby are authorized and directed to be issued the General Obligation Bonds, Series 2006A (Water) and Series 2006B (Water), of the City in the aggregate principal amount of \$920,950 for the purpose of providing funds to pay the costs of the Improvements.

Section 202. Description of the Bonds. The Series 2006A Bonds shall be a single certificated Registered Bond without coupons in the denomination of \$543,350 or the aggregate declining unpaid principal balance payable to the registered holder thereof. The Series 2006B Bonds shall be a single certificated Registered Bond without coupons in the denomination of \$377,600 or the aggregate declining unpaid principal balance payable to the registered holder thereof. The Bonds shall be registered as to principal and interest in the name of such registered holder and be dated July 26, 2006, bearing interest at the rate of four and one-half percent (4.50%) per annum (calculated on the basis of a 365-day year) payable on July 26 of each year commencing July 26, 2007, (the "Interest Payment Dates") until the principal of the Bonds has

been paid, with installments of principal payable as provided in the attached Bond Amortization Schedule, marked as Schedule No. 1 hereto.

Payments of principal and interest, whether upon redemption or otherwise, made in respect of the Bonds, shall be made to the registered owner of the Bonds appearing on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar by the close of business on the 1st day of the month of the applicable Interest Payment Date (the "Record Dates"). Such payments by check or draft of the Paying Agent shall fully discharge the obligation of the City in respect of the Bonds, to the extent of the payment made. The final installment payable toward the principal balance of the Bond shall be payable at the office of the Treasurer of the State of Kansas in the City of Topeka, Kansas (the "Paying Agent," "Bond Registrar" and "Transfer Agent").

The Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be typed or printed in accordance with the format required by the Attorney General of the State and shall be substantially in the form attached hereto as Exhibit A or as may be required by the Attorney General pursuant to the Notice of Systems of Registration for Kansas Municipal Bonds, 2 Kan. Reg. 921 (1983), in accordance with the Kansas Bond Registration Law, K.S.A. 10-620 et seq.

Section 203. Designation of Paying Agent and Bond Registrar. The State Treasurer, Topeka, Kansas, is hereby designated as the Paying Agent for the payment of principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds. The Mayor and Clerk of the City are hereby authorized and empowered to execute on behalf of the City an agreement with the Bond Registrar and Paying Agent for the Bonds.

The City will at all times maintain a Paying Agent and Bond Registrar meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent or Bond Registrar by (1) filing with the Paying Agent or Bond Registrar then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent or Bond Registrar and appointing a successor, and (2) causing notice of appointment of the successor Paying Agent and Bond Registrar to be given by first class mail to each Owner. No resignation or removal of the Paying Agent or Bond Registrar shall become effective until a successor has been appointed and has accepted the duties of Paying Agent or Bond Registrar.

Every Paying Agent or Bond Registrar appointed hereunder shall at all times meet the requirements of K.S.A. 10-501 et seq. and K.S.A. 10-620 et seq., respectively.

Section 204. Method and Place of Payment of the Bonds. The principal or Redemption Price of and interest on the Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal or Redemption Price of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal corporate trust office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to the address of such Owner shown on the Bond Register or (b) in the case of an interest payment to any Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Owner upon

written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States) ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds and at least annually shall forward a copy or summary of such records to the City.

Section 205. Registration, Transfer and Exchange of Bonds. The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Bond Registrar as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal corporate trust office of the Bond Registrar, the Bond Registrar shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange.

Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Bond Registrar, duly executed by the Owner thereof or by the Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. The City shall pay the fees and expenses of the Bond Registrar for the registration, transfer and exchange of Bonds provided for by this Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Bond Registrar, are the responsibility of the Owners of the Bonds. In the event any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance

with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Owner hereunder or under the Bonds.

The City and the Bond Registrar shall not be required (a) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Section 303** hereof and during the period of 15 days next preceding the date of mailing of such notice of redemption; or (b) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof.

The City and the Paying Agent may deem and treat the Person in whose name any Bond is registered on the Bond Register as the absolute Owner of such Bond, whether such Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Owner or upon the Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Bond Registrar, the Bond Register may be inspected and copied by the Owners of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Owners whose authority is evidenced to the satisfaction of the Bond Registrar.

Section 206. Execution, Registration, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitutions for the Bonds initially delivered, shall be executed for and on behalf of the City by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the Clerk and the seal of the City shall be affixed thereto or imprinted thereon. The Mayor and Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and to cause the Bonds to be registered in the office of the Clerk, which registration shall be evidenced by the manual or facsimile signature of the Clerk with the seal of the City affixed thereto or imprinted thereon. The Bonds shall also be registered in the office of the State Treasurer, which registration shall be evidenced by the manual or facsimile signature of the State Treasurer with the seal of the State Treasurer affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form attached hereto as Exhibit A hereof, which shall be manually executed by an authorized officer or employee of the Bond Registrar, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Resolution or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Bond Registrar. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. Upon authentication, the Bond Registrar shall deliver the Bonds to the Purchaser upon instructions of the City or its representative.

Section 207. Mutilated, Lost, Stolen or Destroyed Bonds. If (a) any mutilated Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the City and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the City or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon the City's request, the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City, in its discretion, may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the City may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of this Resolution equally and ratably with all other Outstanding Bonds.

Section 208. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the City.

Section 209. Sale of the Bonds. The sale of the Bonds to the Purchaser is hereby ratified and confirmed. Delivery of the Bonds shall be made to the Purchaser as soon as practicable after the passage of this Resolution, upon payment of the Purchase Price.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds.

(a) Optional Redemption by City. At the option of the City, the Outstanding Principal Amount of the Bonds, or any portion thereof, is subject to redemption prior to maturity on any date (the date being so set for redemption and payment under this sub paragraph being referred to as (the "Redemption Date"), at a redemption price equal to one hundred percent (100%) of the principal amount so redeemed plus all accrued and unpaid interest on such principal amount so redeemed to the Redemption Date.

(b) Redemption Upon Graduation. The City hereby acknowledges the provisions of 7 U.S.C. 1983(3) and the right and ability of the Government to require redemption of the entire Outstanding Principal Amount of the Bonds in accordance therewith.

Section 302. Selection of Bonds to be Redeemed. Bonds shall be redeemed only in the principal amount of \$1,000 or any integral multiple thereof. When less than all of the Bonds of the same maturity are to be redeemed and paid prior to their Stated Maturity, the Bonds to be

redeemed shall be selected by the Bond Registrar in \$1,000 units of principal amount in such equitable manner as the Bond Registrar may determine.

In the case of a partial redemption of Bonds by lot when Bonds of denominations greater than \$1,000 are then Outstanding, then for all purposes in connection with such redemption each \$1,000 of face value shall be treated as though it were a separate Bond of the denomination of \$1,000. If it is determined that one or more, but not all, of the \$1,000 units of face value represented by any Bond is selected for redemption, then upon notice of intention to redeem such \$1,000 unit or units, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such \$1,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent the \$1,000 unit or units of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. That in the event of any such redemption, the City will give written notice of its intention to redeem and pay the Outstanding Principal Amount, or any portion thereof, by United States certified mail addressed to the Paying Agent at which the Bonds are payable not less than forty-five (45) days prior to the date fixed for redemption. Upon its receipt of notice of the call for any redemption, the Paying Agent shall give notice of such call by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than thirty (30) days prior to the date of such redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Failure to give such notice by mailing to the registered owner of any Bond, or any defect therein, shall not affect the validity of any proceedings for the redemption of the Outstanding Principal Amount, or any portion thereof. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds received the notice.

ARTICLE IV

SECURITY FOR AND PAYMENT OF BONDS

Section 401. Security for the Bonds. The Bonds shall be general obligations of the City payable as to both principal and interest from ad valorem taxes which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the City. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Bonds as the same become due.

Section 402. Levy and Collection of Annual Tax. The governing body of the City shall annually make provision for the payment of principal of, premium, if any, and interest on the Bonds as the same become due by levying and collecting the necessary taxes upon all of the taxable tangible property within the City in the manner provided by law.

The taxes referred to above shall be extended upon the tax rolls in each of the several years, respectively, and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the City are levied and collected. The proceeds derived from said taxes shall be deposited in the Principal and Interest Account, shall be kept separate and apart from all other funds of the City and shall be used solely for the payment of the principal of,

premium, if any, and interest on the Bonds as and when the same become due, taking into account the fees and expenses of the Bond Registrar and Paying Agent.

If at any time said taxes are not collected in time to pay the principal of or interest on the Bonds when due, the Treasurer is hereby authorized and directed to pay said principal or interest out of the general funds of the City and to reimburse said general funds for money so expended when said taxes are collected.

ARTICLE V

ESTABLISHMENT OF FUNDS AND ACCOUNTS DEPOSIT AND APPLICATION OF MONEYS

Section 501. Establishment of Funds and Accounts. Simultaneously with the issuance of the Bonds, there shall be created within the treasury of the City the following funds and accounts:

(a) In the treasury of the City, the "Project Account"; and

(b) In the City's Bond and Interest Fund, the "Principal and Interest Account for the City of Burlingame, Kansas, General Obligation Bonds, Series 2006A (Water) and Series 2006B (Water) (the "Principal and Interest Account"); and

The Funds and Accounts established herein shall be administered in accordance with the provisions of this Resolution so long as the Bonds are Outstanding.

Section 502. Disposition of Bond Proceeds. The proceeds of the Bonds in the amount of \$920,950, upon issuance and delivery thereof, shall be deposited in the Project Account.

Section 503. Withdrawals from the Project Account. The Treasurer shall make withdrawals from the Project Account solely for the purpose of paying costs and expenses of the Improvements, including the allocable portion of the Costs of Issuance. Such withdrawals shall be made only on due authorization by the governing body of the City.

Section 504. Surplus in the Project Account. All moneys remaining in the Project Account after the completion of the Improvements, as determined by the governing body of the City, shall be transferred immediately to the Principal and Interest Account and applied to the next installment of principal due on the series of Bonds from which surplus moneys remain.

Section 505. Application of Moneys in Principal and Interest Account. All amounts paid and credited to the Principal and Interest Account shall be expended and used by the City for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Bond Registrar and Paying Agent. The Treasurer is authorized and directed to withdraw from the Principal and Interest Account sums sufficient to pay both principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Bond Registrar and Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before the Business Day immediately preceding the dates when such principal, interest and fees of the Bond Registrar and Paying Agent will become due. If, through the lapse of time or otherwise, the Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the City. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the

provisions contained in this Resolution and shall be held in trust by the Paying Agent for the benefit of the Owners of the Bonds and entitled to payment from such moneys.

Any moneys or investments remaining in the Principal and Interest Account after the retirement of the indebtedness for which the Bonds were issued shall be transferred and paid into the Bond and Interest Fund of the City.

Section 506. Deposits and Investment of Moneys. Moneys in each of the Funds and Accounts shall be deposited in accordance with the requirements of K.S.A. 10-131, as amended. All such deposits shall be continuously and adequately secured by the financial institutions holding such deposits as provided by the laws of the State. All moneys held in the Funds and Accounts shall be kept separate and apart from all other funds of the City so that there shall be no commingling of such funds with any other funds of the City.

Moneys held in the funds and accounts herein created or established in conjunction with the issuance of the Bonds may be invested by the City in Permitted Investments or in other investments allowed by Kansas law in such amounts and maturing at such times as shall reasonably provide for moneys to be available when required in said accounts or funds; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund or account was created. All interest on any Permitted Investment held in any fund or account shall accrue to and become a part of such fund or account; provided, however, that interest earned on investments of moneys held in the Project Account may, at the direction of the governing body of the City, be paid and credited to the Principal and Interest Account and used to pay interest on the Bonds. In determining the amount held in any fund or account under the provisions of the Resolution, Permitted Investments shall be valued at their par value or at their then redemption value, whichever is lower.

Section 507. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Resolution or on, or with respect to, said Bond. If such funds shall have remained unclaimed for five (5) years after such principal or interest has become due and payable, such funds shall be paid to the City; and all liability of the Paying Agent to the owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged. The obligations of the Paying Agent under this Section to pay any such funds to the City shall be subject to any provisions of law applicable to the Paying Agent or to such funds providing other requirements for disposition of unclaimed property.

ARTICLE VI

DEFAULT AND REMEDIES

Section 601. Remedies. The provisions of the Resolution, including the covenants and agreements herein contained, shall constitute a contract between the City and the Owners of the Bonds. If an Event of Default occurs and shall be continuing, the Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Resolution or by the Constitution and laws of the State;

(b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds.

Section 602. Limitation on Rights of Owners. The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection, and security of the Owners of any or all of the Bonds, all of which Bonds shall be equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Resolution. No one or more Owners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Outstanding Bonds.

Section 603. Remedies Cumulative. No remedy conferred herein upon the Owners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Owners of the Bonds by this Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. If action or proceedings taken by any Owner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Owner, then, and in every such case, the City and the Owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Owners shall continue as if no such suit, action or other proceedings had been brought or taken.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance. When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Resolution and the pledge of the City's faith and credit hereunder and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and/or interest accrued to the

Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity, (1) the City has elected to redeem such Bonds, and (2) either notice of such redemption has been given, or the City has given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Bond Registrar to give such notice of redemption in compliance with **Section 303** of this Resolution. Any money and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of this Resolution. Provided, however, that as long as any part of the Bonds are owned or insured by the Government, the City will not issue any additional bonds or other obligations for the purpose of providing funds to refund all or part of the Bonds unless either (i) all of the outstanding principal amount of the Bonds is paid, retired and cancelled either concurrently with the issuance of such refunding bonds or at the first interest and principal payment date for the Bonds occurring after the issuance of such refunding bonds, or (ii) consent to the issuance of such refunding bonds is given by the Government. The City will refinance the unpaid balance, in whole or in part, of the outstanding principal amount of the Bonds upon the request of the Government if, at any time, it should appear to the Government that the City is able and authorized by law to refinance the Bonds by obtaining a loan for such purposes from responsible, cooperative or private sources at reasonable rates and terms.

ARTICLE VIII

TAX COVENANTS

Section 801. General Covenants.

(a) The City covenants and agrees that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and (2) it will not use or permit the use of any proceeds of Bonds or any other funds of the City, will not take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely effect the exclusion from gross income of the interest on the Bonds. The City will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The City covenants and agrees that (1) it will use the proceeds of the Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City in any manner, to take or omit to take any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(c) The City covenants and agrees that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, in a

manner that would cause any Bond to be a "private activity bond" within the meaning of Section 141(a) of the Code.

Section 802. Survival of Covenants. The covenants contained in this Article shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to Article VII hereof or any other provision of this Resolution until the final maturity date of all Bonds Outstanding.

Section 803. Qualified Tax-exempt Obligations. The Bonds are designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

ARTICLE X

MISCELLANEOUS PROVISIONS

Section 901. Rates, Fees and Charges. The City will fix, establish, maintain and collect such rates, fees or charges for service furnished by and through the System including all extensions, improvements and enlargements thereto thereafter constructed or acquired by the City, which rates, fees or charges shall be sufficient to pay the costs of operation, maintenance and improvement of the System. The City will operate and maintain the System, including System revenue receipt and operation and maintenance accounts to be established and maintained by the City, in an efficient and businesslike manner and it will keep the same in good repair and working order. As long as the Bonds are either held or insured by the Purchaser, the City will not provide free water service of any kind to persons or entities subsequent to the date of this Ordinance except to those which were authorized by the City prior to such date.

Section 902. Annual Audit. Annually, promptly after the end of the Fiscal Year, the City will cause an audit to be made of its Funds and Accounts for the preceding Fiscal Year in accordance with RUS Staff Instruction 1780-4 of the United States Department of Agriculture, Rural Development, by a certified public accountant or firm of certified public accountants.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the Clerk, and a duplicate copy of the audit shall be mailed to the Purchaser. Such audit shall at all times during the usual business hours of the City be open to the examination and inspection by any taxpayer, any Owner of the Bonds or by anyone acting for or on behalf of such taxpayer or Owner. Upon payment of the reasonable cost of preparing and mailing the same, a copy of any annual audit will, upon request, be sent to any Owner or prospective Owner.

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Resolution, the City shall promptly cure such deficiency.

Section 903. Amendments. The rights and duties of the City and the Owners, and the terms and provisions of the Bonds or of this Resolution, may be amended or modified at any time in any respect by resolution of the City with the written consent of the Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the City is required to pay as principal of or interest on any Bond;

- (c) permit preference or priority of any Bond over any other Bond; or
- (d) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Resolution.

Any provision of the Bonds or of this Resolution may, however, be amended or modified by resolution duly adopted by the governing body of the City at any time in any legal respect with the written consent of the Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Owners, the City may amend or supplement this Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Owners.

Every amendment or modification of the provisions of the Bonds or of this Resolution, to which the written consent of the Owners is given, as above provided, shall be expressed in a resolution adopted by the governing body of the City amending or supplementing the provisions of this Resolution and shall be deemed to be a part of this Resolution. A certified copy of every such amendatory or supplemental resolution, if any, and a certified copy of this Resolution shall always be kept on file in the office of the Clerk, and shall be made available for inspection by the Owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Resolution, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental resolution or of this Resolution will be sent by the Clerk to any such Owner or prospective Owner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Clerk a copy of the resolution of the City hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

The City shall furnish to the Paying Agent a copy of any amendment to the Bonds or this Resolution which affects the duties or obligations of the Paying Agent under this Resolution.

Section 904. Notices, Consents and Other Instruments by Owners. Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Resolution, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

- (a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to make acknowledgements within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

- (b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Resolution, Bonds owned by the City shall be disregarded and deemed not to be Outstanding under this Resolution, except that, in determining whether the Owners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Owners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Owners the pledgee's rights so to act with respect to such Bonds and that the pledge is not the City.

Section 905. Further Authority. The officers and officials of the City, including the Mayor and Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Resolution and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 906. Sale, Disposition or Use of Improvements. That the City will not sell, lease or otherwise dispose of the Improvements to any nongovernmental person or entity without the prior written consent of the Government. Furthermore, none of the facilities or services afforded by the Improvements will be furnished to any user thereof without a reasonable charge being made therefore except to the City itself.

Section 907. Insurance. That the City will carry and maintain a reasonable amount of all risk insurance upon the properties forming part of its water supply system insofar as they are of an insurable nature, the amount of such insurance being in amounts as would customarily be carried by municipal corporations similar to the City. In the event of loss or damage, the City, with all reasonable dispatch, will use the proceeds of such insurance to reconstruct and replace the property damaged or destroyed or, if such reconstruction or replacement be unnecessary, then either to improve, extend or enlarge the City's water supply system. The City in operating its water supply system will carry and maintain public liability and workmen's compensation insurance in such amounts as would normally be maintained by a municipal corporation engaged in a similar type of activity and the proceeds derived from any of such policies shall be used in paying the claims on the account of which such proceeds were received. All employees of the City handling funds of the City shall be bonded at all times in an amount equal to the total funds in their possession or custody at any one time. The cost of all insurance referred to in this paragraph shall be paid as an operating cost out of the revenues of the City's water supply system.

Section 908. Compliance with Loan Resolution. So long as the Government is the Owner of any of the Bonds, the City shall be subject to the separate Loan Resolution executed and entered into by it at the closing of the issuance of the Bonds in accordance with RUS Bulletin 1780-27 of the United States Department of Agriculture, Rural Development (the "Loan Resolution"). The provisions of the Loan Resolution and the provisions of this Resolution are to be construed wherever possible so that they will not be in conflict. In the event such a construction is not possible, the provisions of the Loan Resolution shall prevail.

Section 909. Refinancing. The City covenants agrees that it will refinance the unpaid balance, in whole or in part, of the outstanding principal amount of the Bonds (including parity obligations) upon request of the Government, if any time it should appear to the Government that the City is able and authorized by law to refinance the Bonds (including parity obligations) by obtaining a loan for such purposes from responsible cooperative or private sources of reasonable rates and terms for loans for similar purposes (7 USC § 1983(3)).

Section 910. Severability. If any section or other part of this Resolution is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Resolution.

Section 911. Governing Law. This Resolution shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 912. Effective Date. This Resolution shall take effect and be in full force from and after its passage by the governing body of the City.

PASSED by the governing body of the City on the 3rd day of July, 2006.

CITY OF BURLINGAME, KANSAS

Mayor

ATTEST:

City Clerk

(SEAL)

EXHIBIT A

(FORM OF SERIES 2006A BOND)

UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF OSAGE
CITY OF BURLINGAME
GENERAL OBLIGATION BOND
SERIES 2006A (WATER)

No. R-_____

\$_____

Rate of
Interest:

Maturity
Date:

Dated
Date: July 26, 2006

CUSIP _____

Registered Owner: UNITED STATES OF AMERICA
RURAL DEVELOPMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
1520 MARKET STREET
ST. LOUIS, MISSOURI 63103
TAX ID NUMBER 43-1757115

PRINCIPAL AMOUNT _____

The City of Burlingame, in the County of Osage, State of Kansas, (the "City") for value received acknowledges itself to be indebted to and promises to pay, but solely from the sources hereinafter pledged, to the registered owner identified above, or registered assigns as hereinafter provided, on the maturity date identified above, the principal amount identified above, and in like manner to pay, as of the Record Dates as hereinafter provided, interest on such principal amount from the date of this Bond or from the most recent interest payment date to which interest has been paid prior to the registration date set forth below at the rate of interest per annum set forth above (calculated on the basis of a 365-day year) on July 26 of each year commencing July 26, 2007, (the "Interest Payment Dates") until said principal amount is paid.

The principal of and interest on this Bond shall be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas, (the "Paying Agent" and "Bond Registrar") by mailing to the registered owner thereof at the address appearing on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar at the close of business on the 1st day of the month the applicable interest payment date (the "Record Dates"). The principal of and interest on this Bond shall be payable in accordance with the Schedule printed on the reverse of this bond.

The principal of and all interest on this Bond constitute a general obligation of the City and the full faith, credit and resources of the City are hereby pledged for the payment of the principal of and interest on this Bond.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

It is hereby certified and declared that all acts, conditions and things required to be done and to exist precedent to and in the issuance of this Bond have been properly done and

performed and do exist in due and regular form and manner as required by the Constitution and Laws of the State of Kansas, and that the total indebtedness of said City, including this series of bonds, does not exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

IN WITNESS WHEREOF, the said City of Burlingame, in the State of Kansas, by its governing body, has caused this Bond to be executed by its Mayor and attested by its City Clerk by their manual signatures with its corporate seal affixed hereon, all as of the 26th day of July, 2006.

CITY OF BURLINGAME, KANSAS

Mayor

ATTEST: _____
City Clerk

(SEAL)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the City of Burlingame, Kansas, General Obligation Bonds, Series 2006A (Water) described in the within mentioned Resolution.

Registration Date: _____

OFFICE OF THE STATE TREASURER
Topeka, Kansas,
as Bond Registrar and Paying Agent

By _____

I.D.#: _____

FURTHER TERMS AND PROVISIONS

This Bond is one of a duly authorized series of Bonds of the City aggregating the principal amount of \$543,350 (the "Bonds") issued for the purposes set forth in Ordinance No. 2088 of the City (the "Ordinance"). This Bond and the series of Bonds of which it is a part are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and Laws of the State of Kansas, including K.S.A. 10-101 to 125, inclusive, as amended by K.S.A. 10-620 to 10-632, inclusive, K.S.A. 65-163u et seq., all as amended, acts supplemental thereto, the Ordinance, Resolution No. 296 of the City (the "Resolution") and all other provisions of the laws of the State of Kansas applicable thereto.

This Bond is issued in fully registered form in the denomination of \$543,350 or the aggregate declining unpaid principal balance thereof. This Bond may be exchanged at the principal office of the Bond Registrar for a Bond of like aggregate outstanding principal amount of the same maturity, upon the terms set forth in the authorizing Ordinance and the Resolution.

At the option of the City, the Outstanding Principal Amount of the Bonds, or any portion thereof, is subject to redemption prior to maturity on any date, at a redemption price equal to one

hundred percent (100%) of the principal amount so redeemed plus all accrued and unpaid interest on such principal amount so redeemed to the redemption date.

Bonds will be redeemed in integral multiples of \$1,000. If less than all Bonds are called for redemption, the Bond Registrar will, in the case of Bonds in denominations greater than \$1,000, treat each \$1,000 of face value as though it were a separate Bond.

In the event of any such redemption, the Paying Agent shall give notice of such call by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than thirty (30) days prior to the date of such redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Failure to give such notice by mailing to the registered owner of any Bond, or any defect therein, shall not affect the validity of any proceedings for the redemption of the Outstanding Principal Amount. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds received the notice.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof, or redemption price hereof and interest due hereon and for all other purposes.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this Bond. The City shall pay out of the proceeds of the Bonds or from other funds all costs incurred in connection with the issuance, transfer, exchange, registration, redemption or payment of the Bonds except (a) the reasonable fees and expenses in connection with the replacement of a Bond or Bonds mutilated, stolen, lost or destroyed or (b) any tax or other governmental charge imposed in relation to the transfer, exchange, registration, redemption or payment of the Bonds. Upon such transfer a replacement Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefore.

BOND ASSIGNMENT

FOR VALUE RECEIVED, the undersigned does (do) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identifying No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$_____ standing in the name of the undersigned on the books of the Treasurer of the State of Kansas (the "Bond Registrar"). The undersigned does (do) hereby irrevocably constitute and appoint _____ as attorney to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or Taxpayer
Identifying No.

Signature (Sign Here Exactly as
Name(s) Appear on Face of
Certificate)

Signature guaranty:

By _____

CERTIFICATE OF CITY CLERK

I, the undersigned, City Clerk of the City of Burlingame, Kansas, do hereby certify that this Bond has been duly registered in my office according to law as of the 26th day of July, 2006.

WITNESS my hand and official seal.

City Clerk

(SEAL)

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

I, LYNN JENKINS, Treasurer of the State of Kansas, do hereby certify that a full and complete transcript of the proceedings leading up to the issuance of this Bond has been filed in my office and that this Bond was registered in my office according to law this

_____.

WITNESS my hand and official seal.

LYNN JENKINS
TREASURER OF THE STATE OF KANSAS

By _____
Assistant State Treasurer

(SEAL)

(FORM OF SERIES 2006B BOND)

UNITED STATES OF AMERICA
STATE OF KANSAS
COUNTY OF OSAGE
CITY OF BURLINGAME
GENERAL OBLIGATION BOND
SERIES 2006B (WATER)

No. R-_____

\$_____

Rate of
Interest:

Maturity
Date:

Dated
Date: July 26, 2006

CUSIP _____

Registered Owner: UNITED STATES OF AMERICA
RURAL DEVELOPMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
1520 MARKET STREET
ST. LOUIS, MISSOURI 63103
TAX ID NUMBER 43-1757115

PRINCIPAL AMOUNT _____

The City of Burlingame, in the County of Osage, State of Kansas, (the "City") for value received acknowledges itself to be indebted to and promises to pay, but solely from the sources hereinafter pledged, to the registered owner identified above, or registered assigns as hereinafter provided, on the maturity date identified above, the principal amount identified above, and in like manner to pay, as of the Record Dates as hereinafter provided, interest on such principal amount from the date of this Bond or from the most recent interest payment date to which interest has been paid prior to the registration date set forth below at the rate of interest per annum set forth above (calculated on the basis of a 365-day year) on July 26 of each year commencing July 26, 2007, (the "Interest Payment Dates") until said principal amount is paid.

The principal of and interest on this Bond shall be payable in lawful money of the United States of America by check or draft of the Treasurer of the State of Kansas, Topeka, Kansas, (the "Paying Agent" and "Bond Registrar") by mailing to the registered owner thereof at the address appearing on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such registered owner to the Bond Registrar at the close of business on the 1st day of the month the applicable interest payment date (the "Record Dates"). The principal of and interest on this Bond shall be payable in accordance with the Schedule printed on the reverse of this bond.

The principal of and all interest on this Bond constitute a general obligation of the City and the full faith, credit and resources of the City are hereby pledged for the payment of the principal of and interest on this Bond.

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

It is hereby certified and declared that all acts, conditions and things required to be done and to exist precedent to and in the issuance of this Bond have been properly done and performed and do exist in due and regular form and manner as required by the Constitution and

Laws of the State of Kansas, and that the total indebtedness of said City, including this series of bonds, does not exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration hereon shall have been lawfully executed by the Bond Registrar.

IN WITNESS WHEREOF, the said City of Burlingame, in the State of Kansas, by its governing body, has caused this Bond to be executed by its Mayor and attested by its City Clerk by their manual signatures with its corporate seal affixed hereon, all as of the 26th day of July, 2006.

CITY OF BURLINGAME, KANSAS

Mayor

ATTEST: _____

(SEAL) City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the City of Burlingame, Kansas, General Obligation Bonds, Series 2006B (Water) described in the within mentioned Resolution.

Registration Date: _____

OFFICE OF THE STATE TREASURER
Topeka, Kansas,
as Bond Registrar and Paying Agent

By _____

I.D.#: _____

FURTHER TERMS AND PROVISIONS

This Bond is one of a duly authorized series of Bonds of the City aggregating the principal amount of \$377,600 (the "Bonds") issued for the purposes set forth in Ordinance No. 2088 of the City (the "Ordinance"). This Bond and the series of Bonds of which it is a part are issued by the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and Laws of the State of Kansas, including K.S.A. 10-101 to 125, inclusive, as amended by K.S.A. 10-620 to 10-632, inclusive, K.S.A. 65-163u et seq., all as amended, acts supplemental thereto, the Ordinance, Resolution No. 296 of the City (the "Resolution") and all other provisions of the laws of the State of Kansas applicable thereto.

This Bond is issued in fully registered form in the denomination of \$377,600 or the aggregate declining unpaid principal balance thereof. This Bond may be exchanged at the principal office of the Bond Registrar for a Bond of like aggregate outstanding principal amount of the same maturity, upon the terms set forth in the authorizing Ordinance and the Resolution.

At the option of the City, the Outstanding Principal Amount of the Bonds, or any portion thereof, is subject to redemption prior to maturity on any date, at a redemption price equal to one hundred percent (100%) of the principal amount so redeemed plus all accrued and unpaid interest on such principal amount so redeemed to the redemption date.

Bonds will be redeemed in integral multiples of \$1,000. If less than all Bonds are called for redemption, the Bond Registrar will, in the case of Bonds in denominations greater than \$1,000, treat each \$1,000 of face value as though it were a separate Bond.

In the event of any such redemption, the Paying Agent shall give notice of such call by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than thirty (30) days prior to the date of such redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Failure to give such notice by mailing to the registered owner of any Bond, or any defect therein, shall not affect the validity of any proceedings for the redemption of the Outstanding Principal Amount. Any notice mailed as provided herein shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds received the notice.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof, or redemption price hereof and interest due hereon and for all other purposes.

This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this Bond. The City shall pay out of the proceeds of the Bonds or from other funds all costs incurred in connection with the issuance, transfer, exchange, registration, redemption or payment of the Bonds except (a) the reasonable fees and expenses in connection with the replacement of a Bond or Bonds mutilated, stolen, lost or destroyed or (b) any tax or other governmental charge imposed in relation to the transfer, exchange, registration, redemption or payment of the Bonds. Upon such transfer a replacement Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefore.

BOND ASSIGNMENT

FOR VALUE RECEIVED, the undersigned does (do) hereby sell, assign and transfer to

(Name and Address)

(Social Security or Taxpayer Identifying No.)

the Bond to which this assignment is affixed in the outstanding principal amount of \$_____ standing in the name of the undersigned on the books of the Treasurer of the State of Kansas (the "Bond Registrar"). The undersigned does (do) hereby irrevocably constitute and appoint _____ as attorney to transfer said Bond on the books of said Bond Registrar with full power of substitution in the premises.

Dated _____

Name

Social Security or Taxpayer
Identifying No.

Signature (Sign Here Exactly as
Name(s) Appear on Face of
Certificate)

Signature guaranty:

By _____

CERTIFICATE OF CITY CLERK

I, the undersigned, City Clerk of the City of Burlingame, Kansas, do hereby certify that this Bond has been duly registered in my office according to law as of the 26th day of July, 2006.

WITNESS my hand and official seal.

City Clerk

(SEAL)

CERTIFICATE OF STATE TREASURER

OFFICE OF THE TREASURER, STATE OF KANSAS

I, LYNN JENKINS, Treasurer of the State of Kansas, do hereby certify that a full and complete transcript of the proceedings leading up to the issuance of this Bond has been filed in my office and that this Bond was registered in my office according to law this

_____.

WITNESS my hand and official seal.

LYNN JENKINS
TREASURER OF THE STATE OF KANSAS

By _____
Assistant State Treasurer

(SEAL)

SCHEDULE 1
BOND AMORTIZATION SCHEDULE

\$543,350

CITY OF BURLINGAME, KANSAS
GENERAL OBLIGATION BOND
SERIES 2006A (WATER)

<u>YEAR</u> <u>(July 26)</u>	<u>PRINCIPAL</u> <u>INSTALLMENTS</u>	<u>BALANCE</u>
2007	\$ 5,350	\$538,000
2008	\$ 5,000	\$533,000
2009	\$ 6,000	\$527,000
2010	\$ 6,000	\$521,000
2011	\$ 6,000	\$515,000
2012	\$ 6,000	\$509,000
2013	\$ 7,000	\$502,000
2014	\$ 7,000	\$495,000
2015	\$ 8,000	\$487,000
2016	\$ 8,000	\$479,000
2017	\$ 8,000	\$471,000
2018	\$ 8,000	\$463,000
2019	\$ 9,000	\$454,000
2020	\$ 9,000	\$445,000
2021	\$ 9,000	\$436,000
2022	\$10,000	\$425,000
2023	\$11,000	\$415,000
2024	\$11,000	\$404,000
2025	\$11,000	\$393,000
2026	\$12,000	\$381,000
2027	\$13,000	\$368,000
2028	\$13,000	\$355,000
2029	\$14,000	\$341,000
2030	\$14,000	\$327,000
2031	\$15,000	\$312,000
2032	\$15,000	\$297,000
2033	\$16,000	\$281,000
2034	\$17,000	\$264,000
2035	\$17,000	\$247,000
2036	\$18,000	\$229,000
2037	\$18,000	\$211,000
2038	\$19,000	\$192,000
2039	\$20,000	\$172,000
2040	\$21,000	\$151,000
2041	\$22,000	\$129,000
2042	\$23,000	\$106,000
2043	\$25,000	\$ 81,000
2044	\$26,000	\$ 55,000
2045	\$27,000	\$ 28,000
2046	\$28,000	\$ -0-

BOND AMORTIZATION SCHEDULE

\$377,600

CITY OF BURLINGAME, KANSAS GENERAL OBLIGATION BOND SERIES 2006B (WATER)

<u>YEAR</u> <u>(July 26)</u>	<u>PRINCIPAL</u> <u>INSTALLMENTS</u>	<u>BALANCE</u>
2007	\$ 3,600	\$374,000
2008	\$ 4,000	\$370,000
2009	\$ 4,000	\$366,000
2010	\$ 4,000	\$362,000
2011	\$ 4,000	\$358,000
2012	\$ 5,000	\$353,000
2013	\$ 5,000	\$348,000
2014	\$ 5,000	\$343,000
2015	\$ 5,000	\$338,000
2016	\$ 6,000	\$332,000
2017	\$ 6,000	\$326,000
2018	\$ 6,000	\$320,000
2019	\$ 6,000	\$314,000
2020	\$ 7,000	\$307,000
2021	\$ 7,000	\$300,000
2022	\$ 7,000	\$293,000
2023	\$ 7,000	\$286,000
2024	\$ 8,000	\$278,000
2025	\$ 8,000	\$270,000
2026	\$ 8,000	\$262,000
2027	\$ 9,000	\$253,000
2028	\$ 9,000	\$244,000
2029	\$ 9,000	\$235,000
2030	\$10,000	\$225,000
2031	\$10,000	\$215,000
2032	\$10,000	\$205,000
2033	\$11,000	\$194,000
2034	\$11,000	\$183,000
2035	\$12,000	\$171,000
2036	\$12,000	\$159,000
2037	\$13,000	\$146,000
2038	\$13,000	\$133,000
2039	\$14,000	\$119,000
2040	\$14,000	\$105,000
2041	\$15,000	\$ 90,000
2042	\$16,000	\$ 74,000
2043	\$17,000	\$ 57,000
2044	\$18,000	\$ 39,000
2045	\$19,000	\$ 20,000
2046	\$20,000	\$ -0-